



U.S. SENATE COMMITTEE ON

Commerce, Science, and Transportation

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**Sen. Hollings' Opening Statement: Full Committee Hearing on the
Department of Commerce's Technology Administration, the National Institutes of Standards
and Technology, and the Advanced Technology Program
Tuesday, April 16, 2002**

Today's hearing will examine the programs of the Department of Commerce's Technology Administration and the National Institute of Standards and Technology, with particular emphasis on the Advanced Technology Program. We are pleased to have Deputy Secretary of Commerce Dr. Sam Bodman, as well as our other distinguished witnesses, here with us today.

NIST is really a hidden treasure. Twice in the past five years, NIST Scientists have shared in the Physics Nobel Prize. Whether they are investigating the collapse of the world trade center, making small manufacturers better, sponsoring innovative research, or improving timekeeping, the people of this little-noticed agency continue to do amazing work, and I commend them.

Nonetheless, we continue to be embroiled in an annual tug-of-war on funding for the Advanced Technology Program, known as ATP. I am encouraged that Secretary Evans and Deputy Secretary Bodman want to stabilize this program.

After all, the benefits of the program are well-documented. The program has been studied thoroughly from individual case studies, to comprehensive examinations like the 2001 study for the National Academy of Sciences' National Research Council. What the analysis shows time and time again is that the ATP is stimulating collaboration, accelerating the development of high-risk technologies, and paying off for the nation.

The Commerce Department has proposed several changes to the ATP. I look forward to examining each of these changes and hope to include many of them in a NIST authorization bill this year.

However, the proposal for recoupment of up to 5 times the original amount of funding is not acceptable. First, the program has tried recoupment and failed. The Department cites the Clean Coal Technology Program of the Department of Energy as a poster child for recoupment. That program – established in 1986 – has recovered approximately one-tenth of one percent of the \$1.1 billion invested in completed projects.

More importantly, recoupment discourages companies from participating in the program. When they do participate, a cost recovery provision encourages the companies to say that the enabling ATP research had no impact on successful products. In another ten years, supporters of the program will have no success stories to tell and through recoupment, we will have done what opponents of the

program have failed to do for ten years, kill ATP.

And what successes the program has had. Since its inception in 1989 this industry-led, competitive, and cost-shared program has helped the U.S. develop the next generation of breakthrough technologies in advance of its foreign competitors.

On the second panel, we will hear from Scott Donnelly of GE. His company, with ATP funding, developed a new method to produce the X-ray panels that are the heart of a new digital mammography system. This system is giving women and their doctors access to better, cheaper digital mammograms.

A March 1999 study found that future returns from just three of the completed ATP projects – improving automobile manufacturing processes, reducing the cost of blood and immune cell production, and using a new material for prosthesis devices – would pay for all projects funded to date by the ATP.

The ATP is not the only well-regarded program that is threatened. In spite of rave reviews and dramatic successes, the Administration has proposed to eliminate Federal support for Manufacturing Extension Partnership Centers in FY 2003.

Ironically, these MEP Centers help fulfill one of the top priorities stated in the Administration's budget: "revitalize the economy and create jobs." MEP helps small manufacturers stay competitive and, in 2000, helped these businesses attain \$2.3 billion in increased or retained sales, save costs of \$480 million, and create or retain more than 25,000 jobs.

Support for MEP is strong. Members of the Senate have received approximately 8,000 letters from manufacturers and private consultants urging us to continue to support the program.

I look forward to examining these and other related issues and to the testimony of our distinguished witnesses.

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